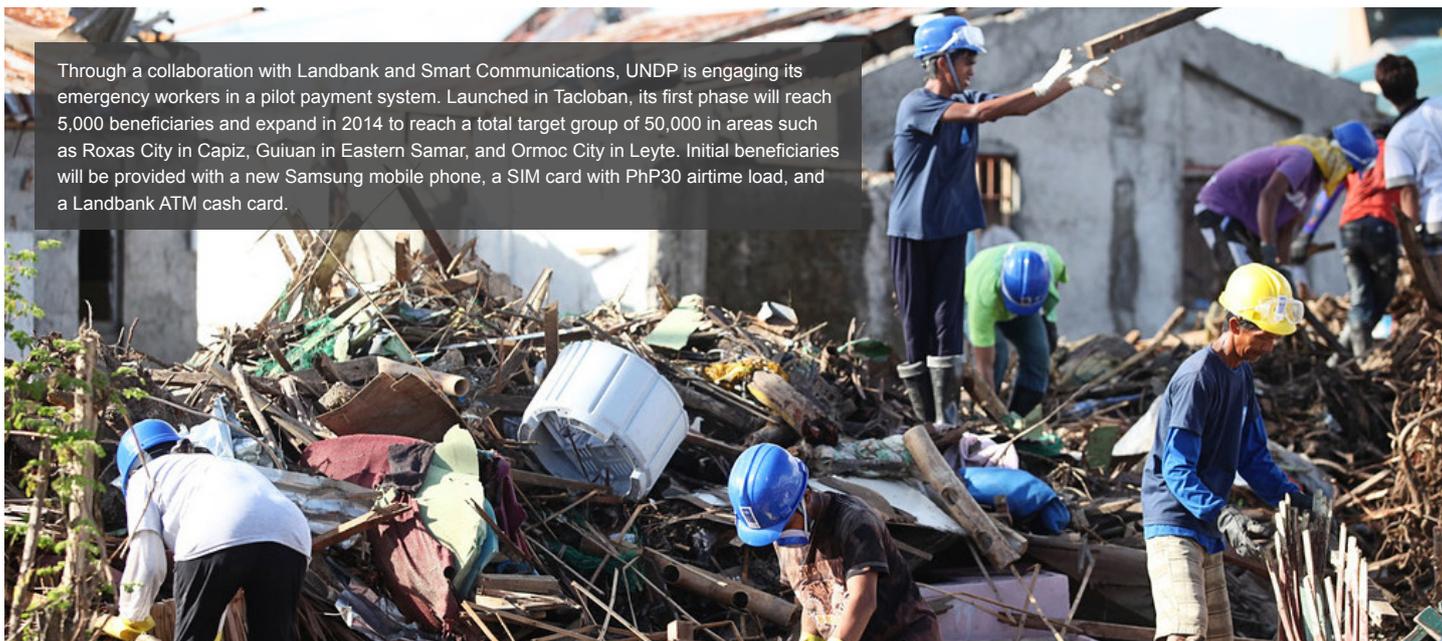


Through a collaboration with Landbank and Smart Communications, UNDP is engaging its emergency workers in a pilot payment system. Launched in Tacloban, its first phase will reach 5,000 beneficiaries and expand in 2014 to reach a total target group of 50,000 in areas such as Roxas City in Capiz, Guiuan in Eastern Samar, and Ormoc City in Leyte. Initial beneficiaries will be provided with a new Samsung mobile phone, a SIM card with PHP30 airtime load, and a Landbank ATM cash card.



INTRODUCTION

When used appropriately, cash-based interventions can have multiplier effects in helping to meet peoples' needs in food, shelter, non-food items, health, nutrition and education, protecting or rebuilding livelihoods, facilitating the return and reintegration of displaced people, and stimulating the rehabilitation of markets.

Cash Transfer Programming (CTP) has been used in the Philippines since 2008 and is featuring strongly in the current humanitarian response as a way to aid the recovery of markets while also reinforcing choice, dignity and accountability for the affected people. What sets this response apart from others is the potential scale of cash transfers and geographical variation in the appropriateness and timeliness of CTP.

CASH COORDINATION SUMMARY

UNOCHA deployed an emergency Cash Coordinator on 24 November to strengthen inter-agency/inter-sectoral CTP coordination on both a technical and strategic level. By January, there will be two national field cash coordination positions recruited in both Region VI (Roxas-based) and Region VIII (Tacloban-based) that will provide roving support in the response. At the Manila level, the Inter-Cluster Coordination Operational Group (ICCOG) on Cash has been set up to deal with ad hoc urgent decisions required to help coordinate field-level implementation and monitoring of specific strategic objectives. The Philippines Cash Working Group (CWG) will continue to provide a technical platform for collaboration and learning on CTP, and complement the formal coordination structures of the Government and UNOCHA. The CWG will aim to create a longer-term cash contingency system so that all relevant stakeholders are better prepared for future shocks in the Philippines.

The response has already witnessed huge churn in personnel, and this will only continue in the new year. There are now

over 250 people registered on the cash coordination mailing list, updated daily; and yet some key organizations or people implementing CTP are still not included. To ensure that your organization receives the cash updates, and that they are distributed to the right people, it is highly recommended that you dedicate a **Cash Transfer Focal Point** within your organization and communicate this to UNOCHA and the CWG Chair. This has additional benefits in that the Focal Point can coordinate inputs from a wide range of internal stakeholders across technical sectors, management and support functions, levels and locations and feed these into the wider discussions taking place in the coordination system and CWG.

UPDATE

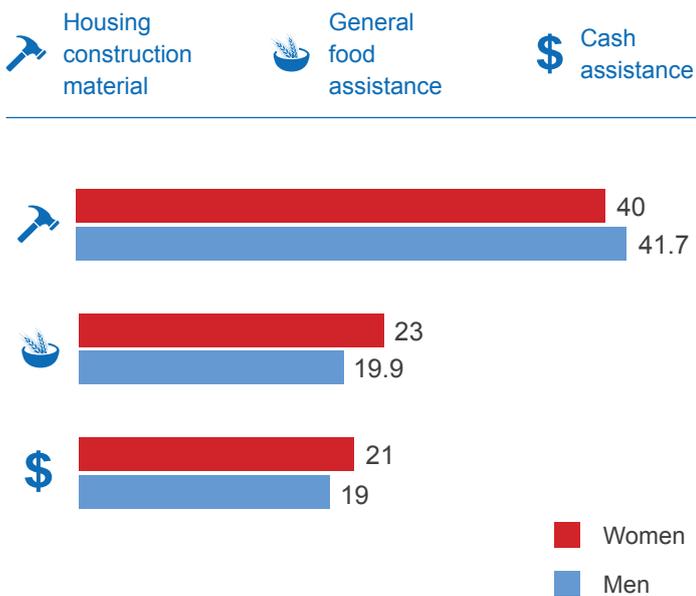
- Guidance from the Government on **cash grant sizes** will be provided **by the end of the year**; it will be important to follow this so as to avoid introducing tension inadvertently into communities.
- USAID-SIMM is helping to compile an update on **financial service provider 'readiness'** to take on different levels of caseload in the affected regions. This will help agencies to evaluate how to share contracts and white-label existing products to streamline delivery and drive down costs.
- UNOCHA aims to produce a much **more accurate map of completed, ongoing, and planned CTP in the response by 6 January** due to the next two reporting periods following the new standard format.
- UNOCHA will distribute the results from **ACAPS' secondary market data review on 7 January** in time for the next CWG.
- We will meet next in Manila on **8 January** for a CWG discussion; agenda will be updated under Events on the response site.

NEEDS AND THE APPROPRIATENESS OF CASH

The Multi-Sector Needs Assessment ('MIRA 2'), released in mid-December, revealed that with the destruction of livelihoods and loss of assets, household incomes remain limited for many months to come (levels halved in the sample). The farming sector, for example, is estimated to take at least 6-8 months to recover, while in urban areas, the proportion of people seeking work is up by 10 per cent.

Households report that their three top immediate priority needs are still in reconstruction and repair of housing, continuation of food assistance, and the fulfilment of cash requirements.

IMMEDIATE PRIORITIES (% OF OVERALL)



In the next phase of the emergency operation, cash-based interventions designed to help recover livelihood assets could allow households to transition more rapidly into a recovery phase. Evaluations from past cash responses indicate that households respond better if they are provided with a number of consecutive transfers, rather than a one-off bulk transfer - knowing that they will receive support for a three-month period, for example, enables people to plan more effectively. In response to Typhoon Ketsana, several NGOs implemented a CTP in the following three phases, targeting in the same areas, which created this sense of predictability: 1) Unconditional cash transfers (UCT) for individuals to meet basic needs; 2) Conditional cash transfers (CCT) for individuals resuming income generating activities; and 3) Cash transfers for groups to pursue joint activities that contribute to community livelihoods.

Information on the programme, targeting criteria and intended purpose of the cash transfers must be clearly disseminated to the public, in coordination with the Local Government Unit.

NEW POLICY AND GUIDANCE

Evaluations point to the need to create a better understanding of key concepts and modalities with "new partners" (i.e. Financial Service Providers). This response has revealed the equal need to agree **a common language** between aid agencies implementing CTP, especially in a context where there is an established social protection system in place, and public works programmes are subject to national policies and legislation on labour rights and conditions of employment.

Given the scale of devastation and urgent need for debris-clearing, many agencies are engaging in Cash-for-Work activities before considering other cash-based interventions. It was therefore a priority to ascertain what agencies mean by this activity. A survey was conducted which highlighted the need to agree on where to draw the line between activities that aim to recover **public infrastructure and spaces** and those that aim to address immediate household-level food security and non-food essential needs, thus restoring **existing personal and small-scale community assets**. After much consultation, the ICCOG on Cash agreed to define the two as "**Emergency Employment through Cash-for-Work**" and "**Cash-for-Asset Recovery**", respectively. The reporting system across the Clusters will reflect this categorization in the 3/4W format by January.

What				
Sub Sector	Description (Eg. Content of basket, Cooked meal, voucher entitlement)	Units (packets, bags, voucher, cash, etc)	Unit Weight or Value (USE KG or PESO)	For Cash & Vouchers: Total value in peso
Cash	Cash voucher (conditional)			
	Cash grant (unconditional)			
	Cash grant (conditional)			
	Cash voucher (conditional)			
	Cash for asset recovery (conditional)			
	Emergency employment (CFW-conditional)			

More detailed guidance on Mandatory requirements and Optional considerations in activity involving Cash-for-Work is available on the response site.

Coordinating how to calculate **cash grant sizes** is also now timely as many agencies are moving into UCTs and CCTs linked to livelihood recovery. Some clusters, such as FSAC, have agreed on values linked to the recovery of farming and fishery assets. As most livelihoods are not profitable when first restarted, provisions must be made to support households to meet their essential basic needs for a limited time. UNOCHA is coordinating a discussion with the Government about preferred cash grant sizes for this income support; final guidance will be ready by early January.

GUIDANCE ON REPORTING

To increase the accuracy in reporting, please **report your cash activity once, through one cluster**. In many cases, the cash is purely a modality that serves a broader objective (e.g. food security), therefore the ICCOG on Cash advises that in the case of Cash-for-Work, 'Emergency Employment' is reported through the Early Recovery-Livelihood and Education Clusters, and 'Cash-for-Asset Recovery' is reported through the FSAC and Shelter Clusters. For UCTs, the organization will need to decide which cluster most suits your programme objectives.

TARGETING AND EXISTING SOCIAL PROTECTION PROGRAMMES

The Philippine Government is supportive of humanitarian agencies using their social protection programmes as a vehicle to target appropriately, and to transfer assistance in a coordinated way. However, they have also advised that agencies should not feel the need to discriminate between existing beneficiaries and those who are evidently in need of emergency assistance and not on the scheme.

Social protection programmes, and specifically cash transfer programmes, are a mechanism by which predictable resources can be provided with three possible linked outcomes:

- meeting the immediate consumption needs of the poor
- increasing the ability of poor or vulnerably households to withstand shocks, rather than revert to harmful coping strategies
- building the asset base of poor households so they can invest in more productive and remunerative livelihoods activities.

Until now, there has been very little experience or experimentation with using poverty-based Government social protection programmes for emergency responses. The potential, however, has been recognised - especially where shocks overlap with the caseload and geographical location of existing programmes.

In 2008, with support from The World Bank, the Department of Social Welfare and Development (DSWD) created the **National Household Targeting System for Poverty Reduction (NHTS-PR)**, now called “Listahanan”, and the institutional structure needed to manage its implementation. The NHTS-PR combines household assessment and geographic targeting to determine eligibility based on a range of socioeconomic and demographic characteristics (education, occupation, housing conditions, access to basic services, assets, tenure status). It uses the proxy-means testing method for consumption and income, utilising data from the two main household surveys conducted in the Philippines: the **Family Income and Expenditure Survey (FIES)** and the **Labor Force Survey (LFS)**.

The data collection process is designed to ensure the integrity of the system’s targeting in that these variables cannot be manipulated by respondents, since most are directly observed or verified by survey enumerators during the home interviews and the random follow up “re-interviews” to double check information gathered during the first interview. A household is classified as poor if the predicted income is below the official poverty threshold and is considered non-poor otherwise.

In 2007, DSWD launched its Pantawid Pamilyang Pilipino Program (4Ps) to better reach extremely poor households and improve health, nutrition, and education particularly of children under the age of 14. Beneficiaries receive monthly conditional grants up to 1,400 pesos:

- 500 pesos/month for health or nutrition expenses
- 300 pesos/month per child for educational expenses (maximum of three children per household).

The 4Ps beneficiary list is a subset of Listahanan. According to DSWD’s latest estimates (June 2013), the programme has almost

four million registered households, including 805,672 households (or 20.5 per cent of the caseload) in the typhoon-affected Visayas. **In Leyte and Eastern Samar, almost half of the population qualified for the programme before the typhoon** - it is expected that more will become included after re-registration of the original caseload. These people have automatic PhilHealth coverage, which is an important consideration when engaging them in Cash-for-Work activities.

DSWD updates its NHTS-PR database every four years, while the 4Ps beneficiary list is updated more frequently (every two months) in order to capture shifts in eligibility; the caseload is therefore very current. Because of the database’s coverage, detailed poverty rankings, and overlap with affected areas, it seems relatively straightforward to scale-up both vertically to existing beneficiaries (i.e. providing larger transfers) and horizontally (i.e. capturing new beneficiaries).

One of the main weaknesses identified anecdotally by the beneficiaries during the response is the slowness or delays in 4Ps payments. The typhoon response provides an opportunity to introduce new technologies to deliver these cash transfers and those of the aid agencies, making it considerably easier, faster and more direct for the beneficiaries. Therefore the payment mechanism should be considered carefully.

Other concerns related to the programme include vulnerability to corruption and resource leakages due to political manipulation or administrative errors. Following the 2009 Integrity Development Review of DSWD, these concerns have been addressed, and the beneficiary targeting mechanisms have been evaluated as efficient, resulting in reliable beneficiary lists with acceptable levels of inclusion and exclusion error.

AGENCIES ARE ENCOURAGED TO:

1. ensure a record of assisted households is maintained with a view to helping the Government extend its social protection to newly eligible households in the medium to longer term
2. coordinate with other agencies operating in the same area and thus contribute towards more equitable assistance by monitoring jointly the level of assistance received across households

BEST PRACTICE IN BENEFICIARY IDENTIFICATION

1. First, approach the mayor at municipal level to get direction as to where the gaps are
2. then, work directly with the barangay captain to identify the most vulnerable, in conjunction with
3. an independent community council, made up of volunteers representing women’s groups, the church, youth, elderly to cross-check the list and keep the process accountable to the community.

Some of this section was drawn from Kathryn E. Nelson’s Rapid Review and Recommendations on the Status and Integrity of the DSWD Conditional Cash Transfer (CCT) 4Ps Program Beneficiary Lists to Inform Mercy Corps’ Economic Recovery Strategy - Emergency Cash Transfer Program - TabangKO (19 December). Please contact Lesley Denyes (ldenyas@field.mercycorps.org) if you would like to read more of the analysis.



WFP CASE STUDY



A WFP staff assists beneficiaries as they withdraw the PhP1,300 (USD30) provided by WFP. WFP is using the mechanisms of the Department of Social Welfare and Development's conditional cash transfer programme to get the money to the most vulnerable people affected by Typhoon Haiyan, and cash cards are one of the ways that the government is distributing said assistance.

WFP, in partnership with DSWD, is aiming to increase the food security of the most vulnerable, and where possible stimulate market recovery, using a combinational food/cash approach, in recognition that not all markets will recover at the same time or the same rates. The primary objective is to assist a wider range of affected households.

Over two months, WFP is providing 500,000 people in Eastern Visayas with a "top-up" cash transfer of USD30 plus 10 kg rice per person, which will complement emergency rice rations for the poorest households who are eligible for support under the Government programme. The combination of rice and a cash transfer allows a household to purchase non-cereals such as meat, fish, eggs and vegetables, and to receive in-kind assistance in areas where cereal markets are fragile.

Over time, as market capacity is strengthened, WFP will shift to more cash-based assistance. WFP is also coordinating with other key actors to ensure that assistance is provided in a coordinated and sequential manner, and that the maximum transfer value is spent to increase food security.

In partnership with ACF and World Vision, WFP will target 87,500 beneficiaries who are not on the 4Ps list for a two-month period through UCTs via local remittance companies in northern Cebu and northeastern Panay Island. These beneficiaries will not receive additional emergency food assistance, as they are living in areas where local markets are functioning well and are able to provide them with access to key food items.



PLAN CASE STUDY



Lina Brochel (33) from Botang, Hernani, whose house was destroyed by typhoon Haiyan is now participating in Plan's initial cash-for-work programme.

Plan is reaching a total of 18,132 beneficiaries through both Cash-for-Work and UCTs with funding from DGECHO and internal funds. As consortia lead on the project funded by DGECHO, Plan will be reaching a total of 13,148 beneficiaries jointly with Oxfam (Oxfam is covering 7,800 beneficiaries).

CFW activities include clearing of debris in schools and communities, and installation of temporary learning centres. Later, the activities will expand to public facilities such as de-clogging of canals, clearing of drainages and irrigation canals, and repair of water systems damaged by typhoon, day care centres, health centres, and solar driers, and others.

UCT will benefit vulnerable households such as those headed by women, families with more children, and households with disabled and senior citizens. The CTP will be undertaken through a local remittance company which will consist of mobile transfers, and funds can be cashed out using ATM cards or at counters.

ASSESSING MARKET RECOVERY

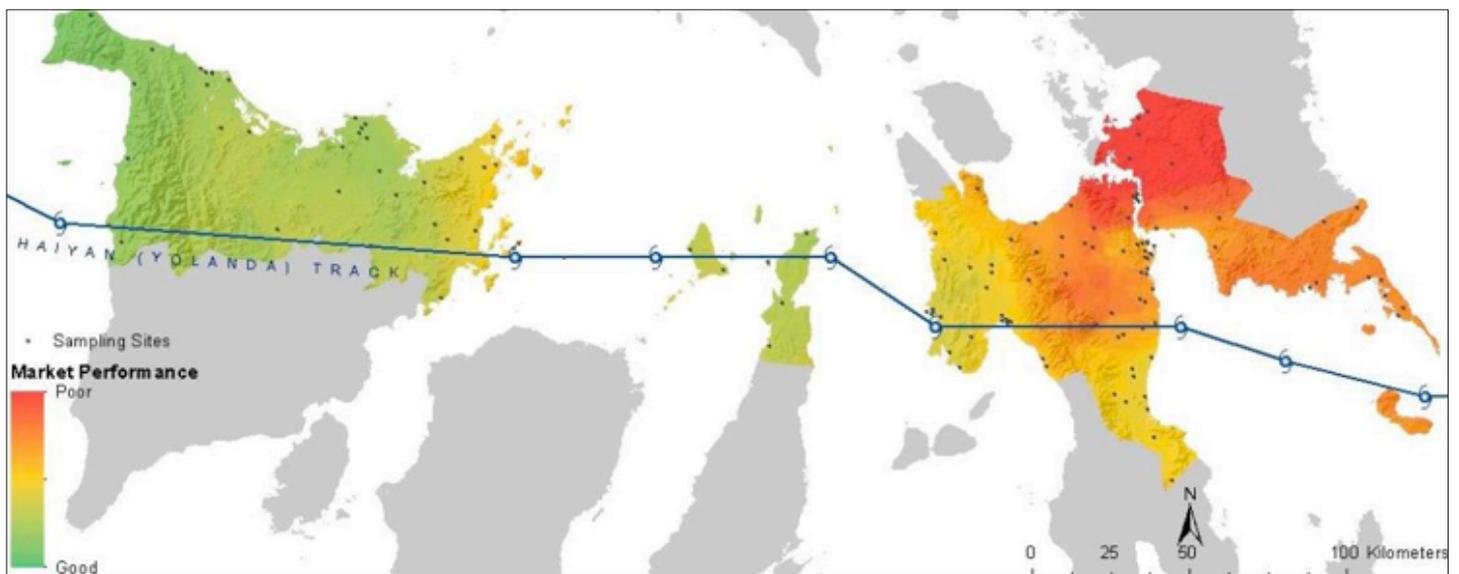
The need to understand markets both pre- and post-crisis cuts across the different sectors, and is acknowledged widely as essential to ensuring **effective humanitarian programming** that aligns with the **'do no harm' principle**. To date in the response, agencies have endeavoured to coordinate locally to ensure that they are complementing respective market assessment efforts.

On 30 November, following a cursory review of existing market assessments in the response, the speed at which market data was becoming outdated due to recovery, and feedback from the field, a decision was made to **consolidate and analyse the results of ongoing assessments**. By early January, this would enable the identification of (a) gaps that could be addressed in a more detailed market analysis, and (b) recommendations for action and discussion at a CWG-level.

This is being coordinated by ACAPS - a collaboration of humanitarian actors that deploys to support and strengthen

humanitarian capacities in carrying out better coordinated assessments before, during and after crises - as part of a wider secondary data review, to be released on 7 January. Please be encouraged to share your market assessments with the Cash Coordinator (thompson5@un.org) who is responsible for ensuring that the data collection and analysis on markets has a multi-sectoral focus. Alternatively, please upload them to <https://philippines.humanitarianresponse.info/assessment-registry>.

While many agencies have already shared their market assessments for this exercise, others have expressed reluctance to do so because they are not entirely clear about what constitutes a 'trustworthy' or valid market assessment. If this is the case, please refer to CaLP's Minimum Requirements (MRs) for Market Analysis in Emergencies, designed to guide the work of humanitarian practitioners and to ensure that irrespective of the analysis tool(s) used, the key aspects are considered.



SOME KEY FINDINGS TO DATE FROM COLLATION OF ASSESSMENTS BY VISITING CALP TECHNICAL COORDINATOR (13 DEC) AND THE MIRA 2 (16 DEC)

- In most locations **markets are on the whole recovering** to their pre-shock condition. Markets are recovering more rapidly in Panay and Bantayan Islands due to localised damage and good integration with regional and national markets. Food prices have shown less volatility, markets have sufficient stocks and are able to respond to increases in consumer demand, and travel distances from communities are shorter.
- Cash-based interventions should follow a **west-to-east pattern**, starting in Panay and Cebu Islands and gradually moving towards Leyte, Samar, and Eastern Samar as conditions in market functionality continue to improve.
- From the perspective of informing programmatic responses, a broad geographic EMMA across the Visayas would not be as useful as **specific regional assessments** due to the differences in market systems and functionality.
- **Better communication** of cash programme planning with the traders, business and finance community is urgently needed to ensure that there is a wider awareness of the humanitarian agency plans and joined-up price monitoring.
- A general understanding of the **volume of cash** that is likely to be introduced into the local economy and whether or not this is significantly above pre-typhoon volumes is needed by the humanitarian community and local government.
- For key commodities that have sensitive market systems, (such as construction materials and rice) the humanitarian community needs to **estimate the aggregate demand** that will be placed on the supply chains via the cash transfers to see whether or not it can respond within desired timeframes. Agencies can look at market based interventions such as trader support, via grants/ loans, and warehousing support to assist the capacity of the market to respond.
- **The majority of market assessment findings consider cash based assistance as a feasible response** in the affected areas in various forms. A few agencies recommend direct support to traders themselves (e.g. in credit and warehousing), to enable their recovery and ability to respond to a potential increase in commodity demand.
- Credit remains a concern, and so we eagerly await the results of the IFC/World Bank EMMA which focused on **financial services and availability of credit**.

PAYMENT MECHANISMS

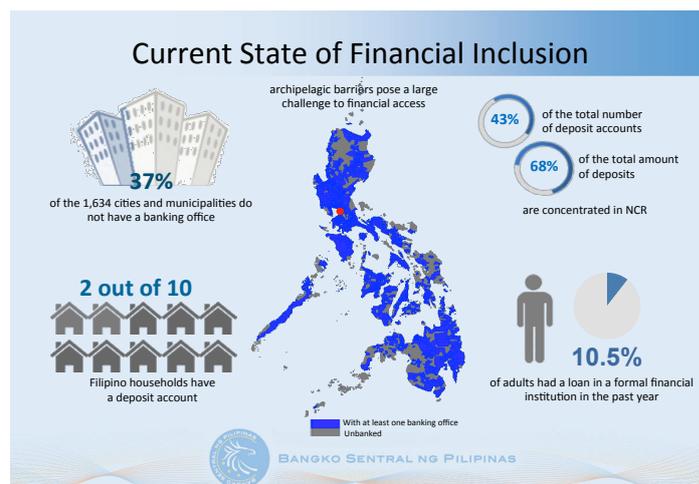
The Bangko Sentral ng Pilipinas (BSP) has **relaxed the Know Your Customer (KYC) regulations** until the end of December 2013. They have expressed a willingness to apply further flexibility to the regulations in support of efficient emergency response, and in the interests of financial inclusion. The BSP also has plans to provide access to a GIS map of the locations of financial service pay-out points in the affected areas.

Hand-to-hand distribution and the use of remittance companies have provided the main mechanism for both Cash-for-Work and cash grants in the response to date.

These payment methods are fast and simple. While the method is extremely flexible as the agency is in complete control, and can create its own database, this can make it difficult to coordinate, especially at scale.

E-transfers, such as those facilitated by mobile phone technology, provide automatic reporting and reconciliation in real time and eliminate the risk of diversion through cash handling. With mobile transfers, beneficiaries are not provided with cash but with e-money that they can cash out, and then transfer to other owners of e-wallets, or exchange for products through mobile phone networks. They are also provided with debit cards that can be used to withdraw cash from ATMs or to buy goods from shops with POS/EDC terminals. The mobile network operators have extensive agent distribution or partner networks across the Visayas, which include mobile load retailers and sari-sari stores, that provide pay-out services. These Points of Payment need mobile coverage to operate.

The Philippines probably has **one of the most developed and efficient mobile transfer systems in the world, but until this response, aid agencies have made limited use of mobile transfers.** This is changing through some significant contracts



signed by WFP, UNDP and INGOs, which engage the services of Smart (in partnership with Landbank) and BankO.

An ACF Initial Assessment of Service Providers to Support Delivery of Cash Transfers for Yolanda Response/Recovery (23 November) recommended that **information requests for service providers are centralized to prevent duplication of effort and the risk of overwhelming them, and also to give a true idea of the real scale of services required in a particular location and to ensure they have capacity to deal with all needs.** Evidence from other responses also supports the value of working in consortia from a cost-effectiveness perspective - if a majority of agencies approach an FSP together, they will be better positioned to negotiate lower fees, shared protection for beneficiaries, and common standards. The earlier such groups are formed, the more likely they are to succeed. This will be discussed at the next CWG in light of the more accurate 4W report.

KEY CONSIDERATIONS IN SELECTING A FINANCIAL SERVICE PROVIDER (FSP)

- Degree of financial literacy of the beneficiaries
- Agent network distribution of the FSP and data management capacity
- Compliance with national financial regulations and data protection legislation
- Cash-out and transaction charges levied on beneficiaries during the programme period
- Advertising aimed at beneficiaries for additional products or services
- Type of guarantees that can be put in place once the programme period is over
- Feedback mechanisms available for beneficiaries (e.g. SMS post-distribution surveys) and non-beneficiaries

Background on the crisis

Typhoon Haiyan (known locally as Yolanda) swept through the central Philippines on 8 November killing over 6,000 and displacing four million people, flattening homes and damaging schools, health centres and other infrastructure. Some experts estimate the storm was among the strongest ever to make landfall. Some 100,000 people are still in evacuation centres more than six weeks after the storm. On 9 November, the Government accepted the UN offer of international assistance. The Government also welcomed the deployment, in the initial phase of disaster response, of a large number of countries' military assets. The humanitarian community's Strategic Response Plan calling for \$791 million is closely aligned to the Government's Reconstruction Assistance on Yolanda - RAY (formerly referred to as the Yolanda Recovery and Rehabilitation Plan) launched on 18 December.

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